

**AUDITED FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

POTTAWATOMIE COUNTY, KANSAS

December 31, 2016

Reese & Novelly, PA
Certified Public Accountants
Wamego, Kansas

Audited Financial Statement and Supplementary Information

Pottawatomie County, Kansas

Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pottawatomie County, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Pottawatomie County, Kansas (Municipal Financial Reporting Entity), as of and for the year ended December 31, 2016 and the related notes to the financial statement (as listed in the table of contents).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards applicable to financial audits in the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by Pottawatomie County, Kansas (Municipal Financial Reporting Entity) on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Pottawatomie County, Kansas, as of December 31, 2016, or changes in its financial position for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of each fund of Pottawatomie County, Kansas, as of December 31, 2016, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note A.

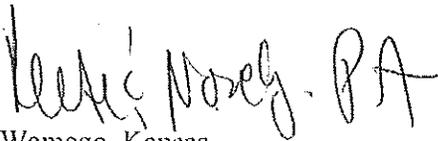
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2017, on our consideration of Pottawatomie County, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pottawatomie County, Kansas's internal control over financial reporting and compliance.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) as well as the schedules of receipts and disbursements-related municipal entities, composition of ending cash balances, tax roll reconciliation, schedules of receipts and disbursements-individual agency funds, accounts receivable-charges, credits, and balance (Schedules 4, 5, 6, 7, and 8 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.



Wamego, Kansas

May 2, 2017

**REGULATORY
FINANCIAL STATEMENT
AND NOTE DISCLOSURES**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General	\$ 12,003,487	\$ 47,116	\$ 22,853,567	\$ 22,788,689	\$ 12,115,481	\$ 1,328,559	\$ 13,444,040
	676,579		4,137,900	4,118,264	696,215		696,215
Bond and Interest Funds:							
Bond and Interest							
	33,280		96	11,545	21,831		21,831
Court Trustee	5,094		371,900	368,861	8,133		8,133
Regional Library	1,041,064		3,122,269	2,808,800	1,354,533	40,017	1,394,550
Rural Highway System	166,182		104,155	95,801	174,536		174,536
Tort Liability	106,276		54,613	40,500	120,389		120,389
Historical Society	86,868		16,217	1,101	101,984		101,984
Special Parks and Recreation	56,031		31,023	15,600	71,454		71,454
Special Alcohol Program	429		45,235	44,433	1,231		1,231
Regional Library Employee Benefit Fund	122,721		230,941	249,277	104,385		104,385
Noxious Weed Chemical	33,865		115	4,985	28,995		28,995
E-911	213,360		150,675	96,512	267,523		267,523
County 911	13,679		5,820	9,120	10,379		10,379
Offender Registration Fund	3,506,830	584	4,613,579	3,830,711	4,290,282	3,858	4,294,140
Special Highway Improvement	21,921		2,459	2,745	21,635		21,635
Attorney Check Fee	4,493		507	406	4,594		4,594
Attorney Forfeiture Fund	6,316		2,872	4,600	4,588		4,588
Law Enforcement Trust	5,294,203		293,110	293,110	5,001,093	41,660	5,042,753
Capital Improvement	398,969		13,246	105,466	306,749		306,749
Equipment Reserve	3,921		2,914	3,054	3,781		3,781
Prosecuting Attorney Training	143,012		198,227	182,557	158,882		158,882
Special Auto			1	1			
Fair Association							
Deeds Technology	48,708		43,000	41,642	50,066		50,066

The notes to the financial statement are an integral part of this statement.

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds (continued):							
VIN Registration Fees	27,450		24,210		51,660		51,660
Clerks Technology	6,140		10,750	10,039	6,851		6,851
Treasurers Technology	5,175		10,750		15,925		15,925
TOTAL SPECIAL PURPOSE	11,345,987	584	9,055,574	8,220,666	12,181,479	85,535	12,267,014
Capital Projects:							
Timber Creek Stormwater	24,399	7,173		12,821	18,751		18,751
Whispering Meadows 2 Construction	8			8	-		-
Elbo Creek Unit 4 Construction	72,577		541,246	613,823	-		-
Nelsons Ridge Unit 3 Construction	78,637		560,442	639,079	-		-
Whispering Meadows 3 Construction	69,546		766,848	836,394	-		-
Brook Ridge 2 Construction			406,870	406,870	-		-
Nelsons Ridge Unit 4 Construction			635,556	540,371	95,185		95,185
Elbo Creek Unit 5 Construction			842,734	646,152	196,582		196,582
Falling Leaf Unit 2 Construction			423,209	330,541	92,668		92,668
Sunset Ridge Unit 3 Construction			476,891	403,167	73,724		73,724
Whispering Meadows 4 Construction			985,869	580,564	405,305		405,305
Wheaton Fire Station Construction			300,236	161,723	138,513		138,513
TOTAL CAPITAL PROJECTS	245,167	7,173	5,939,901	5,171,513	1,020,728	-	1,020,728
Business Funds:							
Blue Township Sewer Operations	658,477	669	690,005	639,686	709,465	32,401	741,866
Blue Township Sewer Reserve	929,060		373,850	315,022	987,888		987,888
Timbercreek Water Operations	128,304	54	139,132	136,686	130,804	921	131,725
Timbercreek Water Reserve	388,503		44,451	13	432,941		432,941
Fostoria Sewer Operations	22,455		3,645	4,090	22,010		22,010

The notes to the financial statement are an integral part of this statement.

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Business Funds (continued):							
Fostoria Sewer Reserve	18,659		1,415		20,074		20,074
Brook Ridge Sewer Operations	15,644		11,022	2,474	24,192		24,192
Brook Ridge Sewer Maintenance	13,657		570	84	14,143		14,143
Brook Ridge Sewer Reserve	22,800		10,450		33,250		33,250
TOTAL BUSINESS	2,197,559	723	1,274,540	1,098,055	2,374,767	33,322	2,408,089
TOTAL PRIMARY GOVERNMENT	26,468,779	55,596	43,261,482	41,397,187	28,388,670	1,447,416	29,836,086
Related Municipal Entities:							
Fire Districts:							
Joint No. 3 General Fund	81,240		38,533	30,647	89,146		89,146
No. 5 General Fund	76,829		178,087	100,508	154,408		154,408
No. 6 General Fund			447				
No. 10 General Fund			16,102	16,102			
Consolidated Fire District #1	283,047	1,121	692,294	640,204	336,258	169,448	505,706
Consolidated Fire District #1 Reserve	145,000		150,000		295,000		295,000
Joint No. 1 General Fund			27				
No. 2 General Fund			23				
Joint No. 4 General Fund			4				
No. 7 General Fund			7				
No. 8 General Fund			2				
Pottawatomie County Economic Development Corporation	822,192		645,041	307,503	1,159,730	3,398	1,163,128
Pottawatomie County Extension Council	76,925		245,706	221,494	101,137		101,137
TOTAL RELATED MUNICIPAL ENTITIES	1,485,233	1,121	1,966,293	1,316,968	2,135,679	172,846	2,308,525
TOTAL REPORTING ENTITY	\$ 27,954,012	\$ 56,717	\$ 45,227,775	\$ 42,714,155	\$ 30,524,349	\$ 1,620,262	\$ 32,144,611

The notes to the financial statement are an integral part of this statement.

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Composition of Cash:

Checking accounts	\$ 5,677,917
Certificates of deposit	16,407,819
Municipal Investment Pool	37,512,499
Change fund and petty cash	850
Savings	7,710
Clerk of the District Court	168,110
Pottawatomie County Sheriff	3,292
Law Library	32,641
Pottawatomie County Economic Development Corporation (Related Municipal Entity)	1,163,128
Pottawatomie County Extension Council (Related Municipal Entity)	<u>101,137</u>

TOTAL CASH

61,075,103

Agency Funds per Schedule 3

(28,930,492)

TOTAL REPORTING ENTITY (EXCLUDING AGENCY)

\$ 32,144,611

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pottawatomie County, Kansas (Municipality) is a municipal corporation governed by an elected three-member commission. This regulatory financial statement presents the Municipality (the primary government) and its related municipal entities. The accounting policies of the Municipality conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

1. The Financial Reporting Entity: The financial reporting entity of Pottawatomie County, Kansas, is comprised of the primary government (the Municipality) and its related municipal entities.

The basic criterion for including a separate entity in the Municipality's financial reporting entity is the financial accountability of the Municipality for the separate entity. The Municipality is financially accountable if it appoints a voting majority of a related municipal entity's governing body and if it either has the ability to impose its will on the related municipal entity or there is a potential for the related municipal entity to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

The related municipal entities are included in the Municipality's reporting entity because they are established to benefit the Municipality and/or its constituents.

- a. *Fire Districts*: Each of the Fire Districts is a separate legal entity, formed by State Statutes under the Municipality. The governing bodies are appointed by the County Commissioners. Each district levies its own tax and provides fire protection services to their local rural communities based upon established boundaries. Separate financial statements of each Fire District may be obtained from the County Administrator's office.
 - b. *Pottawatomie County Economic Development Corporation (PCED)*: A separate legal entity in which the County Commissioners appoint the governing body. The Municipality annually provides significant operating subsidies to the PCED. Separate financial statement of PCED may be obtained by contacting their office in Wamego, Kansas.
 - c. *Pottawatomie County Extension Council (PCEC)*: A separate legal entity, formed under state statute K.S.A. 2-610, in which the governing body is elected annually. The PCEC provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons in the County. The Municipality annually provides significant operating subsidies to the PCEC. Separate financial statement of PCEC may be obtained by contacting their office in Westmoreland, Kansas.
2. Regulatory Basis Fund Types: The accounts of the Municipality are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash, liabilities, fund balance, receipts, and expenditures.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into generic regulatory basis fund types and broad fund categories as follows:

Governmental Funds

The General Fund is the chief operating fund of the Municipality. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfer from other funds and payment of long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Funds

Business Funds are used to account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private business entities and (a) are intended to be self supporting through charges to users or (b) the governing body has deemed it appropriate to account for them as business funds for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Trust Funds are used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Funds are used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: The municipal reporting entity prepares the financial statement using *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting, which is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

The *KMAAG* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The *KMAAG* regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflow or outflows, other than those mentioned above.

The Municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the *KMAAG* regulatory basis of accounting.

4. Budgetary Information: Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:
 - a. Preparation of the budget for the succeeding calendar year on or before August 1.
 - b. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
 - c. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
 - d. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund; County policy requires such transfers to be approved by the County Commissioners. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

All legal annual operating budgets are prepared using the regulatory basis of accounting in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds and the following special purpose and business funds:

Special Purpose Funds: Special Highway Improvement; Attorney Check Fee; Attorney Forfeiture Fund; Law Enforcement Trust; Capital Improvement; Equipment Reserve; Prosecuting Attorney Training; Special Auto; Deeds Technology, VIN Registrations, Clerks Technology, Treasurers Technology, Consolidated Fire District Reserve

Business Funds: Blue Township Sewer Reserve; Timbercreek Water Reserve; Fostoria Sewer Reserve; Brook Ridge Sewer Reserve

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Special Assessments: Projects financed in part by special assessments are financed through general obligation bonds of the Municipality and/or revolving loans issued by the Kansas Department of Transportation. Both of which are retired either from the General Fund or the Bond and Interest Fund as appropriate. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the General Fund or Bond and Interest Fund as appropriate.
6. Cash and Investments: The Municipality uses an internally pooled cash system in which the cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the general fund and the utility funds based upon their average cash balances. Investments are stated at cost, which approximates market.
7. Reimbursements: The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the reimbursement is recorded as a qualifying budget credit in the fund receiving the reimbursement.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

8. Property Taxes: In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Amendments to Legal Budgets: There were no budget amendments in 2016.

NOTE C – DEPOSITS AND INVESTMENTS

As of December 31, 2016, the Municipality had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in years)</u>	<u>Rating</u>
Certificates of Deposit	\$ 16,407,819	Less than 1 year	N/A
Kansas Municipal Investment Pool	37,512,499	Less than 1 year	S&P AAA/S1+
Total Fair Value	<u>\$ 53,920,318</u>		

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Municipality has no investment policy that would further limit its investment choices. The rating of the Municipality's investments is noted above.

Concentration of credit risk: State statutes place no limit on the amount the Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Municipality's allocation of investments as of December 31, 2016, is as follows:

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

Investments	Percentage of Investments
Certificates of Deposit	30%
Kansas Municipal Investment Pool	70%

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Municipality’s deposits may not be returned to it. State statutes require the Municipality’s deposits in financial institutions to be entirely covered by federally depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The Municipality’s designated “peak periods” are from December 3 – February 3 and April 15 – June 15.

At December 31, 2016, the carrying amount of the Municipality’s deposits, including certificates of deposit, was \$22,298,341 and the bank balance was \$23,340,484. The bank balance was held by five banks which did not result in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$14,052,901 was covered by federal depository insurance and \$9,287,583 was collateralized with securities held by the pledging financial institutions’ agents in the Municipality’s name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2016, the Municipality had invested \$37,512,499 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature.

State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Related Municipal Entity Cash Balances:

The cash of the Fire Districts was held by the County in an agency capacity and is included in the above analyses.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

At year-end, the carrying amount of the Pottawatomie County Economic Development's deposits including certificates of deposit was \$1,163,128 and the bank balance was \$1,165,595. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$556,103 was covered by FDIC insurance and the remaining \$609,492 was collateralized with securities held by the pledging financial institutions' agents in Pottawatomie County Economic Development's name.

Of the above balance, \$56,103 is being held in a fund with Kansas Rural Communities Foundation (KRCF) for Pottawatomie County Economic Development (PCED) which can be withdrawn at any time and used for whatever purposes PCED sees fit. KRCF retains any interest earned on the funds as payment for handling the funds.

At year-end, the carrying amount of the Pottawatomie County Extension's deposits was \$101,137 and the bank balance was \$121,315. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The entire bank balance was covered by FDIC insurance.

NOTE D—LONG TERM DEBT

The following is a summary of debt transactions of the Municipality for the year ended December 31, 2016. See Notes N and O for the schedules of long-term liabilities and current maturities of long-term debt.

	Payable Beginning of Year	Issued	Retired	Payable End of Year
General Obligation Bonds	\$ 7,568,429	\$ 4,870,000	\$ 2,906,000	\$ 9,532,429
Revolving Notes	2,564,539		518,663	2,045,876
Temporary Notes	2,060,000	3,520,000	2,275,000	3,305,000
Total	<u>\$ 12,192,968</u>	<u>\$ 8,390,000</u>	<u>\$ 5,699,663</u>	<u>\$ 14,883,305</u>

Total interest expense for the year was \$334,448.

The general obligation bonds encompass project related expenditures for general obligation (street improvements as allowed per K.S.A. 68-709 and 68-28) in addition to expenditures related to the respective sewer and water districts (as allowed per K.S.A. 19-27a07 and 19-3540). The entire amount of the debt is accounted for in the General Bond and Interest fund.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

The amount of debt for each type is as follows:

	Water Districts	Sewer Districts	Street Improvements	Fire Station	End of Year
General Obligation Bonds	1,394,122	1,799,143	6,039,164	300,000	9,532,429

Advanced Refunding

On October 6, 2016, the County issued \$4,570,000 in General Obligation Bonds with an average interest rate of 2.25 percent. The proceeds were used to pay the cost of certain sanitary sewer, street, and water line improvement projects benefiting special improvement districts within the County, prepay prior to their respective final terms of payment certain Kansas Department of Transportation Revolving Fund Loans, and to redeem prior to their respective stated maturities the Refunded Bonds and certain temporary notes of the County, and the costs of issuance necessary to authorize, sell, issue and deliver the Bonds. The net proceeds of \$4,696,804 (plus premium of \$126,804) were used to advance refund various series of bonds and loans with a total principal amount of \$4,843,510 as follows:

Source of Debt	Average Interest Rate	Outstanding Principal
2006A General Obligation Bond	4.83%	360,000
2006C General Obligation Bond	4.33%	1,120,000
2007A General Obligation Bond	4.10%	545,000
2008A General Obligation Bond	3.73%	155,000
KDOT TR 0141 Loan	3.25%	278,009
KDOT TR 0148 Loan	3.18%	110,501
2016-1 Temp Note	0.95%	215,000
2016-3 Temp Note	0.99%	605,000
2016-4 Temp Note	0.99%	630,000
2016-5 Temp Note	0.99%	825,000
Principal amount of bonds		\$ 4,843,510

As a result, the refunded bonds are considered to be defeased, and the related liabilities for the bonds have been removed from the County's liabilities. The advance refunding decreased the County's total debt service by approximately \$396,491.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$338,004.

Bonded Indebtedness Limitation

Kansas statutes restrict the level of the authorized and outstanding bonded indebtedness of the Municipality to not more than three percent of the assessed value of all tangible property within such county, as certified to the County Clerk on the preceding August 25.

Total assessed valuation as of November, 2015	543,629,494
3% Debt Limit	16,308,885
Total Outstanding General Obligation Debt	9,532,429
Less portions excluded per K.S.A. 19-27a07 and 19-3540	(3,193,265)
Less portions excluded per K.S.A. 68-728	(6,039,164)
Total Outstanding Eligible General Obligation Debt	<u>300,000</u>
General Obligation Debt Margin	<u><u>16,008,885</u></u>

NOTE E—DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description: Pottawatomie County, Kansas participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions: K.S.A. 74-4919 and K.S.A. 74-49.210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 9.18% for KPERS and 20.42% for KP&F for the fiscal year ended December 31, 2016. Contributions to the pension plan from the municipality were \$573,065 for KPERS and \$286,179 for KP&F for the year ended December 31, 2016.

Net Pension Liability

At December 31, 2016, the municipality's proportionate share of the collective net pension liability reported by KPERS was \$5,163,737 and \$2,679,065 for KP&F. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. Pottawatomie County, Kansas's proportion of the net pension liability was based on the ratio of the municipality's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

NOTE F —DEFERRED COMPENSATION

The Municipality sponsors a salary deferral plan that covers all full-time employees who have met certain service requirements. Contributions to the plan with the exception of required matching contributions are at the discretion of the County Commissioners. During 2016 the retirement plan expense was approximately \$101,575.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

NOTE G—OTHER POST EMPLOYMENT BENEFIT

As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Budget Reconciliation Act (COBRA), the municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

NOTE H—COMPENSATED ABSENCES

The Municipality provides certain vacation time benefits, i.e., paid time off, to full and part-time employees based upon length of service with the Municipality and contractual agreements. Unused vacation time up to a maximum of 160 hours (unless stated otherwise in the employment contract) is paid to the employee or legal representative of the employee upon termination of employment, retirement or death. Payment of unused vacation time is based upon the employee's rate of pay at the time of termination, retirement or death.

At December 31, 2016, the County's liability for unused vacation time is approximately \$416,999 attributable entirely to governmental funds.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

NOTE I—CAPITAL PROJECTS

At year-end, capital projects authorizations with approved change orders compared with disbursement and accounts payable from inception are as follows:

Project Name	Cash disbursements and accounts payable to date	Project Authorizations
Whispering Meadows 3	\$ 1,641,750	\$ 1,100,334
Brook Ridge 2	407,393	245,384
Excel Road	1,773,608	1,954,859
Excel Road Hwy 24 Intersection	835,817	953,005
Flush Hwy 24 Intersection	1,440,820	1,131,318
Nelsons Ridge Unit 4	540,668	741,646
John Scott/ Flush Road	87,213	295,296
Excel Sewer Project	270,075	292,317
Elbo Creek Unit 4	1,146,695	942,957
Nelsons Ridge Unit 3	1,190,944	966,044
Elbo Creek Unit 5 Construction	646,152	974,718
Falling Leaf Unit 2 Construction	330,541	472,762
Sunset Ridge Unit 3 Construction	403,167	630,633
Whispering Meadows Unit 4 Construction	580,563	1,189,454
Wheaton Fire Station	194,087	393,450
TOTAL	<u>\$ 11,489,493</u>	<u>\$ 12,284,177</u>

NOTE J—COMMITMENTS AND CONTINGENCIES

Construction Contracts: At December 31, 2016, the Municipality had several pending construction project contracts. Commitments related to significant contracts include contracts for the Municipality's street improvements.

Risk Management: The Municipality is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipality manages these various risks of loss through commercial insurance with varying deductibles. All deductibles are \$1,000 or less. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

Litigation: There are a number of claims and/or lawsuits to which the Municipality is a party as a result of matters and complaints arising in the ordinary course of Municipality activities. The Municipality's management and legal counsel anticipate that the potential claims against the Municipality not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the Municipality.

Solid Waste Landfill Post-closure Care Costs: The Municipality closed its solid waste facility and received approval over the period of 1993 through 1995. Any liability for post-closure care costs associated with the landfill has not been determined. The Municipality incurs costs annually to monitor the closed facility.

NOTES TO FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2016

NOTE K—TRANSFERS

Operating transfers were as follows:

FROM	TO	Statutory Authority	Amount
General Fund	PC Economic Development	KSA 1-41029	\$ 210,000
General Fund	PC Extension Services	KSA 2-610	197,162
General Fund	Equipment Reserve Fund	KSA 19-119	13,246
General Fund	Bond & Interest Fund	Equity transfer	3,067
General Fund	Special Highway	KSA 68-590	1,615,000
Bond & Interest Fund	General Fund	Equity transfer	8,313
Rural Highway Fund	General Fund	KSA 68-590	1,681,764
Bond & Interest Funds	Bond & Interest Fund	Equity transfer	488,605
Capital Projects Fund	Bond & Interest Fund	Equity transfer	373
Utility Operations Funds	Utility Reserve Funds	KSA 19-27a09	30,682
Utility Operations Funds	Utility Reserve Funds	KSA 19-3541	44,451
Special Auto Fund	General Fund	KSA 8-145	143,012
Fire District #1	Consolidated Fire District #1	Equity transfer	27
Fire District #2	Consolidated Fire District #1	Equity transfer	23
Fire District #4	Consolidated Fire District #1	Equity transfer	4
Fire District #6	Consolidated Fire District #1	Equity transfer	447
Fire District #7	Consolidated Fire District #1	Equity transfer	7
Fire District #8	Consolidated Fire District #1	Equity transfer	2
Fire District #10	Consolidated Fire District #1	Equity transfer	16,101
Consolidated FD#1	Consolidated FD#1 Reserve	KSA 19-119	150,000
General Fund	Tax Distribution (Agency Funds)	Abatement	15,732
General Fund	Special Funds	Abatement	3,988
			<u>\$ 4,622,006</u>

NOTE L—CONCENTRATIONS

The Municipality receives approximately 50% of its ad valorem taxes from one taxpayer who operates a coal burning electric generation plant located in the County.

NOTE M—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing this financial statement, the Municipality has evaluated events and transactions for potential recognition or disclosure through May 2, 2017, the date the financial statement was available to be issued.

NOTES TO FINANCIAL STATEMENTS

POTTAWATOMIE COUNTY, KANSAS

December 31, 2016

NOTE N - SCHEDULE OF LONG-TERM DEBT

The following is a schedule of changes in long-term debt for the County for the year ended December 31, 2016

	Interest Rate	Date Issued	Original Amount	Date of Final Maturity
General Obligation Bonds				
1995 Fostoria	5.25%	10/19/1995	\$ 46,029	10/19/2035
2006-A Eagles Landing Unit VI & VII	4.15/5.50%	6/15/2006	585,000	10/1/2026
2006-C Elbo Creek Estates I/Wildcat Woods I	3.65/5.00%	10/1/2006	1,805,000	10/1/2026
2007-A Sunset Ridge/Falling Leaf/Eagles Landing 8	3.70/4.50%	3/15/2007	815,000	10/1/2027
2008-A Brook Ridge	3.30/4.15%	6/1/2008	280,000	10/1/2023
2008-B Wildcat Woods II	4.00/5.10%	10/1/2008	180,000	10/1/2028
2010-A Sunset Ridge Unit 2	3.50/5.50%	9/15/2010	150,000	10/1/2030
2011-A Nelson's Ridge I	2.30/5.00%	9/15/2011	690,000	10/1/2031
2012-A Whispering Meadows Unit I	3.90%	9/15/2012	105,000	10/1/2032
2014-A Refunding Bond	2.00/3.35%	9/29/2014	3,405,000	10/1/2034
2015-A Nelson's Ridge II/Wildcat Woods III	2.00/4.00%	10/21/2015	1,295,000	10/1/2035
2016-A Elb Crk IV/Nln Rdg III/Wsp Mdw III/BK Rdg II	2.00/3.00%	10/6/2016	4,570,000	10/1/2036
2016-B Wheaton Fire Station	1.20/2.30%	10/15/2016	300,000	10/1/2021
TOTAL GENERAL OBLIGATION BONDS			<u>14,226,029</u>	
Revolving Note Payable				
TR0141 Whispering Meadows Unit 1	3.25%	3/26/2012	332,254	8/1/2031
TR0148 Elbo Creek Estates Unit 2	3.18%	12/1/2012	125,736	8/1/2032
C20 1786-01 Blue Township Sewer	2.55%	1/8/2010	3,034,346	9/1/2031
TOTAL REVOLVING NOTE PAYABLE			<u>3,492,336</u>	
Temporary Notes (series)				
2015-2 Elbo Creek Estates Unit 4	0.69%	5/1/2015	605,000	5/1/2016
2015-3 Nelson's Ridge Unit 3	0.69%	5/1/2015	630,000	5/1/2016
2015-4 Whispering Meadows Unit 3	0.69%	5/1/2015	825,000	5/1/2016
2016-1 Brook Ridge Phase 2	0.95%	3/15/2016	215,000	3/15/2017
2016-2 Nelson's Ridge Unit 4	0.92%	4/15/2016	635,000	4/15/2017
2016-3 Elbo Creek Estates Unit 4	0.99%	5/1/2016	605,000	5/1/2017
2016-4 Nelson's Ridge Unit 3	0.99%	5/1/2016	630,000	5/1/2017
2016-5 Whispering Meadows Unit 3	0.99%	5/1/2016	825,000	5/1/2017
2016-6 Elbo Creek Estates Unit 5	0.88%	5/15/2016	835,000	5/15/2017
2016-7 Whispering Meadows Unit 4	0.81%	8/1/2016	985,000	8/1/2017
2016-8 Falling Leaf Unit 2	0.85%	8/24/2016	380,000	8/24/2017
2016-9 Sunset Ridge Unit 3	0.85%	8/24/2016	470,000	8/24/2017
TOTAL TEMPORARY NOTES			<u>7,640,000</u>	
TOTAL INDEBTEDNESS			<u>\$ 25,358,365</u>	

Outstanding January 1, 2016	Issued	Retired	Net Change	Outstanding December 31, 2016	Interest Paid
\$ 33,429		\$ 1,000	\$ (1,000)	\$ 32,429	\$ 1,755
385,000		385,000	(385,000)	-	17,856
1,205,000		1,205,000	(1,205,000)	-	50,115
580,000		580,000	(580,000)	-	23,955
175,000		175,000	(175,000)	-	7,495
145,000		10,000	(10,000)	135,000	7,065
125,000		5,000	(5,000)	120,000	5,365
590,000		25,000	(25,000)	565,000	22,355
85,000		5,000	(5,000)	80,000	3,315
2,950,000		465,000	(465,000)	2,485,000	65,340
1,295,000		50,000	(50,000)	1,245,000	35,428
	4,570,000		4,570,000	4,570,000	
	300,000		300,000	300,000	
<u>7,568,429</u>	<u>4,870,000</u>	<u>2,906,000</u>	<u>1,964,000</u>	<u>9,532,429</u>	<u>240,044</u>
292,223		292,223	(292,223)	-	11,154
115,739		115,739	(115,739)	-	4,325
2,156,577		110,701	(110,701)	2,045,876	54,291
<u>2,564,539</u>	<u>-</u>	<u>518,663</u>	<u>(518,663)</u>	<u>2,045,876</u>	<u>69,770</u>
605,000		605,000	(605,000)	-	4,174
630,000		630,000	(630,000)	-	4,347
825,000		825,000	(825,000)	-	5,693
	215,000	215,000	-	-	1,186
	635,000		635,000	635,000	
	605,000	605,000	-	-	2,712
	630,000	630,000	-	-	2,824
	825,000	825,000	-	-	3,698
	835,000		835,000	835,000	
	985,000		985,000	985,000	
	380,000		380,000	380,000	
	470,000		470,000	470,000	
<u>2,060,000</u>	<u>5,580,000</u>	<u>4,335,000</u>	<u>1,245,000</u>	<u>3,305,000</u>	<u>24,634</u>
<u>\$ 12,192,968</u>	<u>\$ 10,450,000</u>	<u>\$ 7,759,663</u>	<u>\$ 2,690,337</u>	<u>\$ 14,883,305</u>	<u>\$ 334,448</u>

NOTES TO FINANCIAL STATEMENTS

POTTAWATOMIE COUNTY, KANSAS

December 31, 2016

NOTE O: SCHEDULE OF MATURITY OF LONG TERM DEBT

The current maturities of long term debt and interest for the next five years and in five year increments through maturity as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
PRINCIPAL				
General obligation bonds	791,100	746,100	736,200	756,200
Revolving loans	113,542	116,456	119,444	122,510
Temporary notes	3,305,000			
TOTAL PRINCIPAL	<u>4,209,642</u>	<u>862,556</u>	<u>855,644</u>	<u>878,710</u>
INTEREST				
General obligation bonds	231,635	216,748	201,590	186,274
Revolving loans	51,451	48,537	45,548	42,483
Temporary Notes	28,394			
TOTAL INTEREST	<u>311,480</u>	<u>265,285</u>	<u>247,138</u>	<u>228,757</u>
	<u>\$ 4,521,122</u>	<u>\$ 1,127,841</u>	<u>\$ 1,102,782</u>	<u>\$ 1,107,467</u>

<u>2021</u>	<u>2022-2026</u>	<u>2027-2031</u>	<u>2032-2036</u>	<u>Total</u>
756,300	3,037,700	1,585,000	1,123,829	9,532,429
125,654	678,325	769,945		2,045,876
				3,305,000
<u>881,954</u>	<u>3,716,025</u>	<u>2,354,945</u>	<u>1,123,829</u>	<u>14,883,305</u>
169,759	628,909	327,824	101,013	2,063,752
39,339	146,639	55,017		429,014
				28,394
<u>209,098</u>	<u>775,548</u>	<u>382,841</u>	<u>101,013</u>	<u>2,521,160</u>
<u>\$ 1,091,052</u>	<u>\$ 4,491,573</u>	<u>\$ 2,737,786</u>	<u>\$ 1,224,842</u>	<u>\$ 17,404,465</u>

GOVERNMENT AUDITING STANDARDS



REESE & NOVELLY, P.A.

Certified Public Accountants

Rick I. Reese, CPA
Nicholas J. Novelly, CPA
Carol E. McCullough, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Pottawatomie County, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide* issued by the Director of Accounts and Reports, State of Kansas Department of Administration, the regulatory basis financial statement of Pottawatomie County, Kansas (County) as of and for the year ended December 31, 2016, and the related notes to the financial statement, which collectively comprise the County's regulatory basis financial statement, and have issued our report thereon dated May 2, 2017. The report was qualified because, as described more fully in Note A, the County has prepared this financial statement using accounting practices prescribed and permitted by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

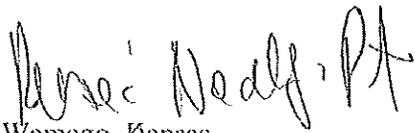
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wamego, Kansas
May 2, 2017

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BUDGETED FUNDS ONLY (SCHEDULE 1)**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	<u>Certified Budget (As Amended)</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Favorable (Unfavorable) Variance</u>
Governmental Type Funds:					
General	\$ 25,995,821	\$ 342,268	\$ 26,338,089	\$ 22,788,689	\$ 3,549,400
Bond and Interest Funds:					
Bond and Interest	1,245,118	2,873,146	4,118,264	4,118,264	-
Special Purpose Funds:					
Court Trustee	35,439		35,439	11,545	23,894
Regional Library	368,861		368,861	368,861	-
Rural Highway System	3,624,008		3,624,008	2,808,800	815,208
Tort Liability	179,141		179,141	95,801	83,340
Historical Society	98,417		98,417	40,500	57,917
Special Parks and Recreation	55,417		55,417	1,101	54,316
Special Alcohol Program	44,116		44,116	15,600	28,516
Regional Library EMBF	44,433		44,433	44,433	-
Noxious Weed Chemical	303,363		303,363	249,277	54,086
E-911	62,179		62,179	4,985	57,194
County 911	179,000		179,000	96,512	82,488
Offender Registration	9,206		9,206	9,120	86

See independent auditor's report.

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BUDGETED FUNDS ONLY (SCHEDULE 1)**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Certified Budget (As Amended)	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Favorable (Unfavorable) Variance
Business Funds:					
Blue Township Sewer Operations	699,650		699,650	639,686	59,964
Timbercreek Water	176,200		176,200	136,686	39,514
Fostoria Sewer Operations	10,500		10,500	4,090	6,410
Brook Ridge Sewer Operations	6,300		6,300	2,474	3,826
Brook Ridge Sewer Maintenance	3,000		3,000	84	2,916
Related Municipal Entities:					
Fire Districts:					
Joint No. 3 General Fund	70,321		70,321	30,647	39,674
No. 5 General Fund	177,028	2,981	180,009	100,508	79,501
No. 6 General Fund	3,123		3,123	447	2,676
No. 10 General Fund	23,810		23,810	16,102	7,708
Consolidated No. 1 General Fund	686,096	875	686,971	640,204	46,767

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 13,460,000	\$ 13,392,403	\$ (67,597)
Delinquent tax	34,000	46,980	12,980
In lieu of tax	30,000	40,293	10,293
Local alcohol liquor tax	5,000	16,217	11,217
Motor vehicle tax	575,000	687,486	112,486
Vehicles rent excise tax		17,475	17,475
Sales and compensating use tax	2,500,000	3,683,380	1,183,380
Fines, forfeitures, and penalties	26,000	64,143	38,143
City and county highway fund	640,789	809,589	168,800
16/20M vehicle tax	16,000	17,736	1,736
District coroner fee	5,000	5,058	58
Recreation vehicle tax	13,500	16,860	3,360
Neighborhood revitalization rebate		(7,308)	(7,308)
Refunds		58,276	58,276
Watercraft tax	10,648	5,732	(4,916)
Licenses and permits	385,000	683,628	298,628
Charges for services	325,000	801,589	476,589
Use of property	44,000	104,536	60,536
Reimbursements and grants	25,000	433,255	408,255
Miscellaneous receipts	100,000	139,212	39,212
Transfers in	1,200,000	1,837,027	637,027
TOTAL CASH RECEIPTS	19,394,937	22,853,567	3,458,630
Expenditures:			
Legislative:			
County Commission:			
Personnel services	84,000	82,969	1,031
Contractual services and other charges	14,100	8,780	5,320
Materials and supplies	2,100	1,947	153
TOTAL LEGISLATIVE	100,200	93,696	6,504

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Judicial:			
County Attorney:			
Personnel services	354,000	344,199	9,801
Contractual services and other charges	47,480	39,429	8,051
Materials and supplies	14,275	12,612	1,663
Capital outlay	15,005	9,901	5,104
TOTAL COUNTY ATTORNEY	430,760	406,141	24,619
Clerk of the District Court:			
Contractual services and other charges	252,000	222,862	29,138
Materials and supplies	13,700	12,795	905
Capital outlay	26,000	25,083	917
TOTAL CLERK OF THE DISTRICT COURT	291,700	260,740	30,960
Court Services Officer:			
Contractual services and other charges	19,122	11,574	7,548
District Coroner:			
Personnel services	8,000	8,000	-
Contractual services and other charges	25,000	20,511	4,489
TOTAL DISTRICT CORONER	33,000	28,511	4,489
TOTAL JUDICIAL	774,582	706,966	67,616
Financial and Administrative:			
Financial Operations:			
Personnel services	490,000	370,768	119,232
Contractual services and other charges	83,000	68,809	14,191
Materials and supplies	8,000	6,944	1,056
Capital outlay	6,500	946	5,554
TOTAL FINANCIAL OPERATIONS	587,500	447,467	140,033

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Appraiser:			
Personnel services	368,500	368,413	87
Contractual services and other charges	56,400	55,809	591
Materials and supplies	11,300	9,508	1,792
Capital outlay	3,000	2,726	274
Transfers out	10,000	10,000	-
TOTAL APPRAISER	449,200	446,456	2,744
Building and Grounds:			
Personnel services	110,250	109,503	747
Contractual services and other charges	393,300	367,464	25,836
Materials and supplies	30,300	29,581	719
Capital outlay	17,000	13,791	3,209
TOTAL BUILDING AND GROUNDS	550,850	520,339	30,511
County Clerk:			
Personnel services	185,350	185,239	111
Contractual services and other charges	6,500	6,356	144
Materials and supplies	5,900	5,819	81
Capital outlay	6,800	6,786	14
TOTAL COUNTY CLERK	204,550	204,200	350
Computer Expense:			
Contractual services and other charges	157,500	137,491	20,009
Materials and supplies	10,750	8,089	2,661
Capital outlay	130,000	129,598	402
TOTAL COMPUTER EXPENSE	298,250	275,178	23,072

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Register of Deeds:			
Personnel services	158,600	157,395	1,205
Contractual services and other charges	18,850	16,456	2,394
Materials and supplies	17,300	15,255	2,045
Capital outlay	1,000	639	361
TOTAL REGISTER OF DEEDS	195,750	189,745	6,005
Election Expense:			
Personnel services	7,000	238	6,762
Contractual services and other charges	60,500	47,917	12,583
Materials and supplies	22,600	22,477	123
TOTAL ELECTION EXPENSE	90,100	70,632	19,468
Employee Benefits:			
Personnel services	4,381,168	3,330,560	1,050,608
Contractual services and other charges	23,500	12,769	10,731
Materials and supplies	1,500	1,350	150
Adjustment for qualifying budget credit	19,067		19,067
TOTAL EMPLOYEE BENEFITS	4,425,235	3,344,679	1,080,556
Geographic Information System:			
Personnel services	135,000	134,060	940
Contractual services and other charges	58,250	50,040	8,210
Materials and supplies	10,600	6,753	3,847
Capital outlay	5,000	1,468	3,532
TOTAL GEOGRAPHIC INFORMATION SYSTEMS	208,850	192,321	16,529
County Treasurer:			
Personnel services	242,500	241,436	1,064
Contractual services and other charges	33,740	20,030	13,710
Materials and supplies	6,950	3,400	3,550
Capital outlay	8,500		8,500
Transfers out	10		10
TOTAL COUNTY TREASURER	291,700	264,866	26,834

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Unclassified:			
Contractual services and other charges	275,000	138,912	136,088
Materials and supplies	4,000	1,621	2,379
Capital outlay	50,000		50,000
Allocations and distributions	20,000	9,100	10,900
Transfers out	1,462,606	526,031	936,575
TOTAL UNCLASSIFIED	1,811,606	675,664	1,135,942
Zoning and Planning:			
Personnel services	103,000	88,616	14,384
Contractual services and other charges	33,710	31,278	2,432
Materials and supplies	3,355	2,017	1,338
TOTAL ZONING AND PLANNING	140,065	121,911	18,154
TOTAL FINANCIAL AND ADMINISTRATIVE	9,253,656	6,753,458	2,500,198
Public Safety:			
Ambulance Service:			
Contractual services and other charges	1,387,500	1,265,922	121,578
Materials and supplies	11,000	616	10,384
Capital outlay	445,000	457,253	(12,253)
Adjustment for qualifying budget credit	16,202		16,202
TOTAL AMBULANCE SERVICE	1,859,702	1,723,791	135,911
Local Emergency Management:			
Personnel services	92,000	86,128	5,872
Contractual services and other charges	44,300	22,944	21,356
Materials and supplies	12,550	4,142	8,408
Capital outlay	7,500	3,999	3,501
Adjustment for qualifying budget credit	30,333		30,333
TOTAL LOCAL EMERGENCY MANAGEMENT	186,683	117,213	69,470

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Fire Supervisor:			
Personnel services	83,000	50,841	32,159
Contractual services and other charges	11,300	7,415	3,885
Materials and supplies	12,400	8,231	4,169
Capital outlay	8,000	699	7,301
TOTAL FIRE SUPERVISOR	114,700	67,186	47,514
Sheriff:			
Personnel services	1,978,000	1,908,528	69,472
Contractual services and other charges	164,100	163,852	248
Materials and supplies	234,000	166,426	67,574
Capital outlay	232,557	242,393	(9,836)
Adjustment for qualifying budget credit	33,653		33,653
TOTAL SHERIFF	2,642,310	2,481,199	161,111
Detention Center:			
Personnel services	492,000	460,345	31,655
Contractual services and other charges	85,450	47,285	38,165
Materials and supplies	118,000	110,438	7,562
Capital outlay	7,000	7,000	-
TOTAL DETENTION CENTER	702,450	625,068	77,382
Juvenile Detention:			
Contractual services and other charges	56,000	43,427	12,573
Materials and supplies	4,000		4,000
TOTAL JUVENILE DETENTION	60,000	43,427	16,573
TOTAL PUBLIC SAFETY	5,565,845	5,057,884	507,961
Public Works:			
Cemeteries:			
Contractual services and other charges	13,200	11,737	1,463
Materials and supplies	2,500	2,055	445
TOTAL CEMETERIES	15,700	13,792	1,908

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Noxious Weed:			
Personnel services	205,000	205,230	(230)
Contractual services and other charges	52,000	25,775	26,225
Materials and supplies	119,250	114,350	4,900
Capital outlay	22,000	21,825	175
Adjustment for qualifying budget credit	1,262		1,262
TOTAL NOXIOUS WEED	<u>399,512</u>	<u>367,180</u>	<u>32,332</u>
Road and Bridge:			
Personnel services	1,992,500	1,991,029	1,471
Contractual services and other charges	2,197,336	2,187,982	9,354
Materials and supplies	1,675,200	1,661,240	13,960
Capital outlay	709,500	700,776	8,724
Transfers out	1,134,150	1,115,000	19,150
Adjustment for qualifying budget credit	28,758		28,758
TOTAL ROAD AND BRIDGE	<u>7,737,444</u>	<u>7,656,027</u>	<u>81,417</u>
Solid Waste Disposal:			
Personnel services	118,000	117,714	286
Contractual services and other charges	344,750	335,183	9,567
Materials and supplies	40,250	35,183	5,067
Capital outlay	3,750	1,341	2,409
TOTAL SOLID WASTE DISPOSAL	<u>506,750</u>	<u>489,421</u>	<u>17,329</u>
TOTAL PUBLIC WORKS	<u>8,659,406</u>	<u>8,526,420</u>	<u>132,986</u>
Health and Welfare:			
County Health:			
Personnel services	490,000	419,373	70,627
Contractual services and other charges	52,950	66,044	(13,094)
Materials and supplies	40,650	32,491	8,159
Capital outlay	31,600	36,858	(5,258)
Adjustment for qualifying budget credit	156,548		156,548
TOTAL COUNTY HEALTH	<u>771,748</u>	<u>554,766</u>	<u>216,982</u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Health Care Distributions:			
Pawnee Mental Health	60,000	60,000	-
Developmental Disability	170,945	170,945	-
Community Health Ministry:	5,000	5,000	-
3 Rivers Independent Living:	20,000	20,000	-
TOTAL HEALTH CARE DISTRIBUTIONS	255,945	255,945	-
Council on Aging:			
Personnel services	78,000	73,984	4,016
Contractual services and other charges	64,950	44,565	20,385
Materials and supplies	35,550	11,296	24,254
Capital outlay	20,000	15,000	5,000
Allocations and distributions	30,500	30,500	-
Adjustment for qualifying budget credit	56,445		56,445
TOTAL COUNCIL ON AGING	285,445	175,345	110,100
Environmental Health:			
Personnel services	62,500	62,131	369
Contractual services and other charges	4,400	2,102	2,298
Materials and supplies	4,650	2,199	2,451
TOTAL ENVIRONMENTAL HEALTH	71,550	66,432	5,118
TOTAL HEALTH AND WELFARE	1,384,688	1,052,488	332,200
Culture and Recreation:			
County Park Operations:			
Contractual services and other charges	2,000	1,029	971
Materials and supplies	4,200	3,428	772
Capital outlay	21,350	21,158	192
TOTAL COUNTY PARK OPERATIONS	27,550	25,615	1,935

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
County Fair Operations:			
Allocations and distributions	85,000	85,000	-
TOTAL CULTURE AND RECREATION	112,550	110,615	1,935
Environment:			
Conservation District:			
Allocations and distributions	80,000	80,000	-
Economic Development:			
Transfer to component unit	210,000	210,000	-
Extension Services:			
Transfer to component unit	197,162	197,162	-
TOTAL ENVIRONMENT	487,162	487,162	-
TOTAL EXPENDITURES	26,338,089	22,788,689	3,549,400
RECEIPTS OVER (UNDER) EXPENDITURES	(6,943,152)	64,878	
Beginning Unencumbered Cash Balance	8,243,152	12,003,487	
Adjustment to unencumbered cash for prior year cancelled encumbrances		47,116	
ENDING UNENCUMBERED CASH BALANCE	\$ 1,300,000	\$ 12,115,481	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - BOND AND INTEREST
 BOND AND INTEREST FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Special assessments	\$ 1,210,018	\$ 999,208	\$ (210,810)
Delinquent specials		12,539	12,539
Refunds		(3,067)	(3,067)
Debt proceeds		2,637,175	2,637,175
Transfers in	25,000	492,045	467,045
	<u>1,235,018</u>	<u>4,137,900</u>	<u>2,902,882</u>
TOTAL CASH RECEIPTS			
Expenditures:			
Contractual and other expenditures		51,857	(51,857)
Debt payments:			
Principal	1,210,118	3,313,963	(2,103,845)
Interest		255,525	(255,525)
Operating transfers	35,000	496,919	(461,919)
Adjustment for qualifying budget credit	2,873,146		2,873,146
	<u>4,118,264</u>	<u>4,118,264</u>	<u>-</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	(2,883,246)	19,636	
Beginning Unencumbered Cash Balance	<u>2,940,643</u>	<u>676,579</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 57,397</u>	<u>\$ 696,215</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - COURT TRUSTEE
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Use of property	\$ 35,427	\$ 96	\$ (35,331)
Expenditures:			
Contractual and other expenditures	23,939	51	23,888
Capital Outlay	11,500	11,494	6
TOTAL EXPENDITURES	35,439	11,545	23,894
RECEIPTS OVER (UNDER) EXPENDITURES	(12)	(11,449)	
Beginning Unencumbered Cash Balance	12	33,280	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 21,831	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - REGIONAL LIBRARY
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 350,363	\$ 348,972	\$ (1,391)
Delinquent tax		1,259	1,259
Motor vehicle tax	14,858	18,856	3,998
Vehicles rent excise tax		1	1
16/20M vehicle tax	588	550	(38)
Recreation vehicle tax	410	482	72
Refunds		1,612	1,612
Watercraft tax		167	167
Transfers in		1	1
TOTAL CASH RECEIPTS	366,219	371,900	5,681
Expenditures:			
Allocations and distributions	368,861	368,861	-
RECEIPTS OVER (UNDER) EXPENDITURES	(2,642)	3,039	
Beginning Unencumbered Cash Balance	2,642	5,094	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 8,133	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - RURAL HIGHWAY SYSTEM
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 2,711,559	\$ 2,701,343	\$ (10,216)
Delinquent tax		6,853	6,853
Motor vehicle tax	101,385	115,603	14,218
Vehicles rent excise tax		6	6
16/20M vehicle tax	4,108	4,038	(70)
Recreation vehicle tax	2,617	3,054	437
Refunds		8,465	8,465
Watercraft tax	1,111	1,134	23
Charges for services		21,048	21,048
Use of property		342	342
Reimbursements and grants		260,383	260,383
TOTAL CASH RECEIPTS	2,820,780	3,122,269	301,489
Expenditures:			
Contractual and other expenditures	135,000	100,662	34,338
Material and supplies	1,027,000	1,026,374	626
Operating transfers	2,462,008	1,681,764	780,244
TOTAL EXPENDITURES	3,624,008	2,808,800	815,208
RECEIPTS OVER (UNDER) EXPENDITURES	(803,228)	313,469	
Beginning Unencumbered Cash Balance	803,228	1,041,064	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 1,354,533	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - TORT LIABILITY
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 97,914	\$ 97,438	\$ (476)
Delinquent tax		376	376
Motor vehicle tax	4,803	5,395	592
Vehicles rent excise tax		137	137
16/20M vehicle tax	143	138	(5)
Recreation vehicle tax	110	132	22
Neighborhood revitalization rebate		(28)	(28)
Refunds		507	507
Watercraft tax	45	45	-
Transfers in		15	15
TOTAL CASH RECEIPTS	103,015	104,155	1,140
Expenditures:			
Contractual and other expenditures	179,141	95,801	83,340
RECEIPTS OVER (UNDER) EXPENDITURES	(76,126)	8,354	
Beginning Unencumbered Cash Balance	76,126	166,182	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 174,536	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - HISTORICAL SOCIETY
SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 51,534	\$ 51,278	\$ (256)
Delinquent tax		182	182
Motor vehicle tax	2,401	2,697	296
Vehicles rent excise tax		68	68
16/20M vehicle tax	53	69	16
Recreation vehicle tax	55	66	11
Neighborhood revitalization rebate		(53)	(53)
Refunds		254	254
Watercraft tax	22	23	1
Transfers in		29	29
TOTAL CASH RECEIPTS	54,065	54,613	548
Expenditures:			
Material and supplies	48,417		48,417
Allocations and distributions	50,000	40,500	9,500
TOTAL EXPENDITURES	98,417	40,500	57,917
RECEIPTS OVER (UNDER) EXPENDITURES	(44,352)	14,113	
Beginning Unencumbered Cash Balance	44,352	106,276	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 120,389	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - SPECIAL PARKS AND RECREATION
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Local alcohol liquor tax	\$ 13,380	\$ 16,217	\$ 2,837
Expenditures:			
Allocations and distributions	55,417	1,101	54,316
RECEIPTS OVER (UNDER) EXPENDITURES	(42,037)	15,116	
Beginning Unencumbered Cash Balance	42,037	86,868	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 101,984</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - SPECIAL ALCOHOL PROGRAM
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Local alcohol liquor tax	\$ 13,380	\$ 31,023	\$ 17,643
Expenditures:			
Contractual and other expenditures	14,000		14,000
Allocations and distributions	30,116	15,600	14,516
TOTAL EXPENDITURES	44,116	15,600	28,516
RECEIPTS OVER (UNDER) EXPENDITURES	(30,736)	15,423	
Beginning Unencumbered Cash Balance	30,736	56,031	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 71,454	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - REGIONAL LIBRARY EMPLOYEE BENEFIT FUND
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 42,535	\$ 42,432	\$ (103)
Delinquent tax		146	146
Motor vehicle tax	1,771	2,312	541
16/20M vehicle tax	61	66	5
Recreation vehicle tax	49	59	10
Refunds		199	199
Watercraft		21	21
TOTAL CASH RECEIPTS	44,416	45,235	819
Expenditures:			
Allocations and distributions	44,433	44,433	-
RECEIPTS OVER (UNDER) EXPENDITURES	(17)	802	
Beginning Unencumbered Cash Balance	17	429	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 1,231	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - NOXIOUS WEED CHEMICAL
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 200,000	\$ 230,941	\$ 30,941
Expenditures:			
Contractual and other expenditures	500	276	224
Material and supplies	232,863	222,404	10,459
Capital Outlay	70,000	26,597	43,403
TOTAL EXPENDITURES	303,363	249,277	54,086
RECEIPTS OVER (UNDER) EXPENDITURES	(103,363)	(18,336)	
Beginning Unencumbered Cash Balance	103,363	122,721	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 104,385	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - E-911
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Use of property	\$ 62,000	\$ 115	\$ (61,885)
Expenditures:			
Contractual and other expenditures	6,000	4,985	1,015
Capital Outlay	56,179		56,179
TOTAL EXPENDITURES	62,179	4,985	57,194
RECEIPTS OVER (UNDER) EXPENDITURES	(179)	(4,870)	
Beginning Unencumbered Cash Balance	179	33,865	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 28,995	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - COUNTY 911 FUND
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Use of property	\$ 126,000	\$ 149,537	\$ 23,537
Miscellaneous receipts		1,138	1,138
TOTAL CASH RECEIPTS	<u>126,000</u>	<u>150,675</u>	<u>24,675</u>
Expenditures:			
Contractual and other expenditures	94,500	93,076	1,424
Material and supplies	9,500	2,236	7,264
Capital Outlay	75,000	1,200	73,800
TOTAL EXPENDITURES	<u>179,000</u>	<u>96,512</u>	<u>82,488</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(53,000)	54,163	
Beginning Unencumbered Cash Balance	<u>143,019</u>	<u>213,360</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 90,019</u>	<u>\$ 267,523</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - OFFENDER REGISTRATION FUND
 SPECIAL PURPOSE FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Licenses and permits	\$ 5,000	\$ 5,820	\$ 820
Expenditures:			
Contractual and other expenditures	3,600	3,520	80
Material and supplies	6		6
Capital Outlay	5,600	5,600	-
TOTAL EXPENDITURES	9,206	9,120	86
RECEIPTS OVER (UNDER) EXPENDITURES	(4,206)	(3,300)	
Beginning Unencumbered Cash Balance	4,206	13,679	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 10,379</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Special Highway Improvement	Attorney Check Fee	Attorney Forfeiture	Law Enforcement Trust Fund	Capital Improvement
Cash Receipts:					
Taxes and Shared Revenue	\$	\$	\$	\$	\$
Licenses and permits		140			
Charges for services	9,846				
Reimbursements and grants	2,988,733				
Miscellaneous receipts		2,319	507	2,872	
Transfers in	1,615,000				
TOTAL CASH RECEIPTS	4,613,579	2,459	507	2,872	-
Expenditures:					
Personnel expenditures					
Contractual and other expenditures	3,825,190		406		211,177
Material and supplies	5,521	245			8,124
Capital Outlay		2,500		4,600	73,809
Operating transfers					
TOTAL EXPENDITURES	3,830,711	2,745	406	4,600	293,110
RECEIPTS OVER (UNDER) EXPENDITURES	782,868	(286)	101	(1,728)	(293,110)
Beginning Unencumbered Cash Balance	3,506,830	21,921	4,493	6,316	5,294,203
Adjustment to unencumbered cash for prior year cancelled encumbrances	584				
ENDING UNENCUMBERED CASH BALANCE	\$ 4,290,282	\$ 21,635	\$ 4,594	\$ 4,588	\$ 5,001,093

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS - (SCHEDULE 2)**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Equipment Reserve	Prosecuting Attorney Training	Special Auto	Fair Association	Deeds Technology
Cash Receipts:					
Taxes and Shared Revenue	\$	\$	\$	1	\$
Licenses and permits			198,227		43,000
Charges for services					
Reimbursements and grants		2,914			
Miscellaneous receipts	13,246				
Transfers in	13,246	2,914	198,227	1	43,000
TOTAL CASH RECEIPTS	13,246	2,914	198,227	1	43,000
Expenditures:					
Personnel expenditures			33,395		
Contractual and other expenditures		3,054	4,879		24,230
Material and supplies			1,071		5,267
Capital Outlay	105,466				12,145
Operating transfers			143,012	1	
TOTAL EXPENDITURES	105,466	3,054	182,357	1	41,642
RECEIPTS OVER (UNDER) EXPENDITURES	(92,220)	(140)	15,870	-	1,358
Beginning Unencumbered Cash Balance	398,969	3,921	143,012		48,708
Adjustment to unencumbered cash for prior year cancelled encumbrances					
ENDING UNENCUMBERED CASH BALANCE	\$ 306,749	\$ 3,781	\$ 158,882	\$ -	\$ 50,066

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS - (SCHEDULE 2)**

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	VIN Registration Fees	Clerks Technology	Treasurers Technology
Cash Receipts:			
Taxes and Shared Revenue	\$	\$	\$
Licenses and permits	24,210	10,750	10,750
Charges for services			
Reimbursements and grants			
Miscellaneous receipts			
Transfers in			
	24,210	10,750	10,750
TOTAL CASH RECEIPTS			
	24,210	10,750	10,750
Expenditures:			
Personnel expenditures			
Contractual and other expenditures			
Material and supplies		500	
Capital Outlay		9,539	
Operating transfers			
	-	10,039	-
TOTAL EXPENDITURES			
	24,210	711	10,750
RECEIPTS OVER (UNDER) EXPENDITURES			
	27,450	6,140	5,175
Beginning Unencumbered Cash Balance			
Adjustment to unencumbered cash for prior year cancelled encumbrances			
ENDING UNENCUMBERED CASH BALANCE	\$ 51,660	\$ 6,851	\$ 15,925

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
CAPITAL PROJECT FUNDS - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Timber Creek Stormwater	Whispering Meadows 2 Construction	Elbo Creek Unit 4 Construction	Nelsons Ridge Unit 3 Construction	Whispering Meadows 3 Construction	Brook Ridge 2 Construction
Cash Receipts:						
Charges for services	\$	\$	\$	\$	\$	\$
Use of property			206	223	195	108
Debt proceeds			541,040	560,219	766,653	406,762
TOTAL CASH RECEIPTS	-	-	541,246	560,442	766,848	406,870
Expenditures:						
Contractual and other expenditures.	12,821		1,833	1,793	1,894	190,647
Debt payments:						
Principal			605,000	630,000	825,000	215,000
Interest			6,886	7,171	9,391	1,186
Operating transfers		8	104	115	109	37
TOTAL EXPENDITURES	12,821	8	613,823	639,079	836,394	406,870
RECEIPTS OVER (UNDER) EXPENDITURES	(12,821)	(8)	(72,577)	(78,637)	(69,546)	-
Beginning Unencumbered Cash Balance	24,399	8	72,577	78,637	69,546	
Adjustment to unencumbered cash for prior year cancelled encumbrances	7,173					
ENDING UNENCUMBERED CASH BALANCE	\$ 18,751	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 CAPITAL PROJECT FUNDS - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Nelsons Ridge Unit 4 Construction	Elbo Creek Unit 5 Construction	Falling Leaf Unit 2 Construction	Sunset Ridge Unit 3 Construction	Whispering Meadows 4 Construction	Wheaton Fire Station Construction
Cash Receipts:						
Charges for services	\$ 556	\$ 6,659	\$ 42,788	\$ 6,589	\$	\$
Use of property		1,075	421	302	869	
Debt proceeds	635,000	835,000	380,000	470,000	985,000	300,236
	635,556	842,734	423,209	476,891	985,869	300,236
TOTAL CASH RECEIPTS						
Expenditures:						
Contractual and other expenditures	540,371	646,152	330,541	403,167	580,564	161,723
Debt payments:						
Principal						
Interest						
Operating transfers						
TOTAL EXPENDITURES	540,371	646,152	330,541	403,167	580,564	161,723
RECEIPTS OVER (UNDER) EXPENDITURES	95,185	196,582	92,668	73,724	405,305	138,513
Beginning Unencumbered Cash Balance						
Adjustment to unencumbered cash for prior year cancelled encumbrances						
ENDING UNENCUMBERED CASH BALANCE	\$ 95,185	\$ 196,582	\$ 92,668	\$ 73,724	\$ 405,305	\$ 138,513

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - BLUE TOWNSHIP SEWER OPERATIONS
BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Licenses and permits	\$ 675,000	\$ 689,582	\$ 14,582
Charges for services		84	84
Miscellaneous receipts	1,000	339	(661)
TOTAL CASH RECEIPTS	676,000	690,005	14,005
Expenditures:			
Personnel expenditures	64,000	60,785	3,215
Contractual and other expenditures	413,224	376,891	36,333
Material and supplies	19,650	5,560	14,090
Capital Outlay	6,000		6,000
Debt payments:			
Principal	165,000	110,701	54,299
Interest		54,291	(54,291)
Miscellaneous	776	776	-
Operating transfers	31,000	30,682	318
TOTAL EXPENDITURES	699,650	639,686	59,964
RECEIPTS OVER (UNDER) EXPENDITURES	(23,650)	50,319	
Beginning Unencumbered Cash Balance	534,749	658,477	
Adjustment to unencumbered cash for prior year cancelled encumbrances		669	
ENDING UNENCUMBERED CASH BALANCE	\$ 511,099	\$ 709,465	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS - BLUE TOWNSHIP SEWER RESERVE
 BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Cash Receipts:	
Licenses and permits	\$ 140,550
Charges for services	202,618
Transfers in	<u>30,682</u>
TOTAL CASH RECEIPTS	<u>373,850</u>
Expenditures:	
Contractual and other expenditures	268,874
Material and supplies	<u>46,148</u>
TOTAL EXPENDITURES	<u>315,022</u>
RECEIPTS OVER (UNDER) EXPENDITURES	58,828
Beginning Unencumbered Cash Balance	<u>929,060</u>
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 987,888</u></u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - TIMBERCREEK WATER OPERATIONS
 BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Sales and compensating use tax	\$ 300	\$ 276	\$ (24)
Licenses and permits	157,000	138,508	(18,492)
Miscellaneous receipts	1,000	348	(652)
TOTAL CASH RECEIPTS	158,300	139,132	(19,168)
Expenditures:			
Personnel expenditures	58,000	46,623	11,377
Contractual and other expenditures	47,000	35,259	11,741
Material and supplies	19,900	10,353	9,547
Capital Outlay	6,500		6,500
Operating transfers	44,800	44,451	349
TOTAL EXPENDITURES	176,200	136,686	39,514
RECEIPTS OVER (UNDER) EXPENDITURES	(17,900)	2,446	
Beginning Unencumbered Cash Balance	107,065	128,304	
Adjustment to unencumbered cash for prior year cancelled encumbrances		54	
ENDING UNENCUMBERED CASH BALANCE	\$ 89,165	\$ 130,804	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS - TIMBERCREEK WATER RESERVE
BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Cash Receipts:	
Transfers in	<u>\$ 44,451</u>
Expenditures:	
Contractual and other expenditures	<u>13</u>
RECEIPTS OVER (UNDER) EXPENDITURES	44,438
Beginning Unencumbered Cash Balance	<u>388,503</u>
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 432,941</u></u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - FOSTORIA SEWER OPERATIONS
 BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Miscellaneous receipts	\$ 2,500	\$ 3,645	\$ 1,145
Expenditures:			
Contractual and other expenditures	10,000	4,090	5,910
Material and supplies	500		500
TOTAL EXPENDITURES	<u>10,500</u>	<u>4,090</u>	<u>6,410</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(8,000)	(445)	
Beginning Unencumbered Cash Balance	<u>23,038</u>	<u>22,455</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 15,038</u>	<u>\$ 22,010</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS - FOSTORIA SEWER RESERVE
BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Cash Receipts:	
Miscellaneous receipts	<u>\$ 1,415</u>
Expenditures:	<u> </u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,415
Beginning Unencumbered Cash Balance	<u>18,659</u>
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 20,074</u></u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - BROOK RIDGE SEWER OPERATIONS
 BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Licenses and permits	\$ 7,700	\$ 11,022	\$ 3,322
Expenditures:			
Contractual and other expenditures	3,800	2,466	1,334
Material and supplies	500	8	492
Operating transfers	2,000		2,000
TOTAL EXPENDITURES	<u>6,300</u>	<u>2,474</u>	<u>3,826</u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,400	8,548	
Beginning Unencumbered Cash Balance	<u>8,936</u>	<u>15,644</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 10,336</u>	<u>\$ 24,192</u>	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - BROOK RIDGE SEWER MAINTENANCE
 BUSINESS FUND - (SCHEDULE 2)

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Special assessments	\$ 3,000	\$ 570	\$ (2,430)
Expenditures:			
Contractual and other expenditures	2,750	84	2,666
Material and supplies	250		250
TOTAL EXPENDITURES	3,000	84	2,916
RECEIPTS OVER (UNDER) EXPENDITURES	-	486	
Beginning Unencumbered Cash Balance	11,430	13,657	
ENDING UNENCUMBERED CASH BALANCE	\$ 11,430	\$ 14,143	

See independent auditor's report.

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS (SCHEDULE 3)

POTTAWATOMIE COUNTY, KANSAS

For the Year Ended December 31, 2016

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Distributable Funds:				
Ad Valorem Taxes:				
Current real estate	\$ 25,424,325	\$ 48,396,867	\$ 46,754,759	\$ 27,066,433
Current watercraft	13,806	21,887	21,539	14,154
Current personal property	449,075	722,987	758,922	413,140
Current 16/20M vehicle	42,834	47,430	52,062	38,202
Delinquent real estate	59,349	158,147	147,425	70,071
Delinquent watercraft	42	1,456	1,356	142
Delinquent personal property	1,290	35,700	29,839	7,151
Delinquent 16/20M vehicle	656	766	1,081	341
Motor vehicle	458,770	2,206,530	2,178,712	486,588
Commercial truck receipts	8,941	447,478	446,259	10,160
Excise tax holding fund	28,499	72,951	70,819	30,631
Heritage Trust Funds	19,496	21,500		40,996
Total Distributable Funds	26,507,083	52,133,699	50,462,773	28,178,009
State Funds:				
State education building		546,541	546,541	-
State institutional building		273,272	273,272	-
State general fund		1	1	-
Total State Funds	-	819,814	819,814	-
Subdivision Funds:				
Cities	488,011	5,883,696	5,866,608	505,099
Townships		259,571	259,571	-
School districts		23,441,082	23,437,856	3,226
Hospital districts	19,690	1,920,591	1,919,505	20,776
Drainage districts	7,530	19,265	24,179	2,616
Cemetery districts		26,685	26,685	-
Watershed districts	3,834	240,149	239,986	3,997
Rural water districts	7,695	15		7,710
Total Subdivision Funds	526,760	31,791,054	31,774,390	543,424

See independent auditor's report.

SUMMARY OF RECEIPTS AND DISBURSEMENTS
 REGULATORY BASIS
 AGENCY FUNDS (SCHEDULE 3)

POTTAWATOMIE COUNTY, KANSAS

For the Year Ended December 31, 2016

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Other Agency Funds:				
Game licenses		2,419	2,419	-
Kansas waterfowl stamp		100	100	-
Brook Ridge sewer agency		15,009	15,009	-
County activity fund	931	229		1,160
Cereal malt beverage stamp		200	200	-
Kansas drivers license		26,171	26,171	-
Motor license		1,406,708	1,406,708	-
Over and under		125,124	125,124	-
Sales tax		1,000,915	1,000,915	-
Unclaimed estates	3,528			3,528
Neighborhood revitalization	1,778	41,245	43,023	-
Disaster Relief Abatement	438		110	328
Total Other Agency Funds	<u>6,675</u>	<u>2,618,120</u>	<u>2,619,779</u>	<u>5,016</u>
	<u>27,040,518</u>	<u>87,362,687</u>	<u>85,676,756</u>	<u>28,726,449</u>
Outside Accounts Considered to be Agency Funds				
District Court	861,385	826,070	1,519,345	168,110
Pottawatomie County Sheriff	248	63,561	60,517	3,292
Law Library	26,732	16,336	10,427	32,641
	<u>888,365</u>	<u>905,967</u>	<u>1,590,289</u>	<u>204,043</u>
TOTAL AGENCY FUNDS	<u>\$ 27,928,883</u>	<u>\$ 88,268,654</u>	<u>\$ 87,267,045</u>	<u>\$ 28,930,492</u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - RELATED MUNICIPAL ENTITY
GENERAL FUND - (SCHEDULE 4)

POTTAWATOMIE COUNTY JOINT FIRE DISTRICT NO. 3

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 32,000	\$ 31,678	\$ (322)
Delinquent tax		66	66
Mineral tax		1	1
Motor vehicle tax	2,569	2,682	113
16/20M vehicle tax	374	381	7
Recreation vehicle tax	70	59	(11)
Refunds		226	226
Watercraft Tax	13	12	(1)
Charges for services		3,386	3,386
Miscellaneous receipts		62	62
TOTAL CASH RECEIPTS	35,026	38,553	3,527
Expenditures:			
Contractual and other expenditures	12,000	11,297	703
Material and supplies	12,000	6,041	5,959
Capital Outlay	46,321	13,309	33,012
TOTAL EXPENDITURES	70,321	30,647	39,674
RECEIPTS OVER (UNDER) EXPENDITURES	(35,295)	7,906	
Beginning Unencumbered Cash Balance	35,295	81,240	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 89,146	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - RELATED MUNICIPAL ENTITY
GENERAL FUND - (SCHEDULE 4)

POTTAWATOMIE COUNTY FIRE DISTRICT NO. 5

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 150,000	\$ 148,036	\$ (1,964)
Delinquent tax		1,505	1,505
Motor vehicle tax	14,496	16,396	1,900
Vehicles rent excise tax		3	3
16/20M vehicle tax	187	206	19
Recreation vehicle tax	233	246	13
Refunds		1,576	1,576
Watercraft Tax	313	182	(131)
Charges for services		6,750	6,750
Reimbursements and grants		3,010	3,010
Miscellaneous receipts		177	177
TOTAL CASH RECEIPTS	165,229	178,087	12,858
Expenditures:			
Personnel expenditures	5,000	4,200	800
Contractual and other expenditures	58,000	56,036	1,964
Material and supplies	50,000	38,412	11,588
Capital Outlay	64,028	1,860	62,168
Adjustment for qualifying budget credit	2,981		2,981
TOTAL EXPENDITURES	180,009	100,508	79,501
RECEIPTS OVER (UNDER) EXPENDITURES	(14,780)	77,579	
Beginning Unencumbered Cash Balance	14,780	76,829	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 154,408	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - RELATED MUNICIPAL ENTITY
GENERAL FUND - (SCHEDULE 4)

POTTAWATOMIE COUNTY FIRE DISTRICT NO. 6

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$	\$ 20	\$ 20
Delinquent tax		15	15
Motor vehicle tax	1,338	249	(1,089)
16/20M vehicle tax	231	139	(92)
Recreation vehicle tax	67	12	(55)
Watercraft Tax		12	12
Miscellaneous receipts	1,000		(1,000)
TOTAL CASH RECEIPTS	2,636	447	(2,189)
Expenditures:			
Operating transfers	3,123	447	2,676
RECEIPTS OVER (UNDER) EXPENDITURES	(487)	-	
Beginning Unencumbered Cash Balance	487		
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ -	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS - RELATED MUNICIPAL ENTITY
 GENERAL FUND - (SCHEDULE 4)

POTTAWATOMIE COUNTY FIRE DISTRICT NO. 10

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$	\$ 605	\$ 605
Delinquent tax		764	764
Motor vehicle tax	8,669	13,787	5,118
16/20M vehicle tax	157	99	(58)
Recreation vehicle tax	230	398	168
Refunds		335	335
Watercraft Tax		114	114
Miscellaneous receipts	5,000		(5,000)
TOTAL CASH RECEIPTS	14,056	16,102	2,046
Expenditures:			
Operating transfers	23,810	16,102	7,708
RECEIPTS OVER (UNDER) EXPENDITURES	(9,754)	-	
Beginning Unencumbered Cash Balance	9,754		
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ -	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - RELATED MUNICIPAL ENTITY
GENERAL FUND - (SCHEDULE 4)

POTTAWATOMIE COUNTY CONSOLIDATED FIRE DISTRICT NO. 1

Year Ended December 31, 2016

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 650,000	\$ 648,508	\$ (1,492)
Delinquent tax		763	763
Motor vehicle tax	13,191	15,471	2,280
16/20M vehicle tax	57	459	402
Recreation vehicle tax	394	486	92
Refunds	4,046	1,197	(2,849)
Watercraft Tax	134	149	15
Charges for services		7,250	7,250
Reimbursements and grants		930	930
Miscellaneous receipts		467	467
Transfers in		16,614	16,614
TOTAL CASH RECEIPTS	667,822	692,294	24,472
Expenditures:			
Personnel expenditures	53,000	51,653	1,347
Contractual and other expenditures	171,000	169,362	1,638
Material and supplies	62,000	21,199	40,801
Capital Outlay	250,096	247,990	2,106
Operating transfers	150,000	150,000	-
Adjustment for qualifying budget credit	875		875
TOTAL EXPENDITURES	686,971	640,204	46,767
RECEIPTS OVER (UNDER) EXPENDITURES	(19,149)	52,090	
Beginning Unencumbered Cash Balance	19,149	283,047	
Adjustment to unencumbered cash for prior year cancelled encumbrances		1,121	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 336,258	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS - RELATED MUNICIPAL ENTITY
GENERAL FUND - (SCHEDULE 4)**

POTTAWATOMIE COUNTY NON-BUDGETED FIRE DISTRICTS

Year Ended December 31, 2016

	Joint Fire District No. 1	Fire District No. 2	Joint Fire District No. 4	Fire District No. 7	Fire District No. 8
Cash Receipts:					
Delinquent tax	\$ 27	\$ 23	\$ 4	\$ 7	\$ 2
Expenditures:					
Operating transfers	27	23	4	7	2

RECEIPTS OVER (UNDER)
EXPENDITURES

	-	-	-	-	-
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Beginning Unencumbered Cash Balance

ENDING UNENCUMBERED CASH
BALANCE

	\$ -	\$ -	\$ -	\$ -	\$ -
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*Fire Districts have been consolidated into one District. Old taxes are still being collected in each district and transferred to the Consolidated Fund.

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 RELATED MUNICIPAL ENTITY - (SCHEDULE 4)

POTTAWATOMIE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Year Ended December 31, 2016

Cash Receipts:	
Special projects	\$ 153,157
Proceeds from disposition of property	269,342
Use of property	11,942
Miscellaneous receipts	600
Transfers from primary government	<u>210,000</u>
TOTAL CASH RECEIPTS	<u>645,041</u>
Expenditures:	
Personnel expenditures	166,474
Contractual and other expenditures	138,567
Material and supplies	2,386
Capital Outlay	<u>76</u>
TOTAL EXPENDITURES	<u>307,503</u>
RECEIPTS OVER (UNDER) EXPENDITURES	337,538
Beginning Unencumbered Cash Balance	<u>822,192</u>
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 1,159,730</u></u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 RELATED MUNICIPAL ENTITY - (SCHEDULE 4)

POTTAWATOMIE COUNTY EXTENSION COUNCIL

Year Ended December 31, 2016

Cash Receipts:

Interest revenue	\$ 74
Reimbursements and grants	2,042
Kansas State University reimbursement	38,439
Educational services	7,989
Transfers from primary government	<u>197,162</u>

TOTAL CASH RECEIPTS	<u>245,706</u>
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Expenditures:

Personnel expenditures	122,077
Personnel expenditures reimbursed by Kansas State University	32,493
Employee benefits	25,532
Contractual and other expenditures	31,376
Contractual and other expenditures - grant expenditures	7,717
Material and supplies	<u>2,299</u>

TOTAL EXPENDITURES	<u>221,494</u>
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RECEIPTS OVER (UNDER) EXPENDITURES	24,212
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Beginning Unencumbered Cash Balance	<u>76,925</u>
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ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 101,137</u></u>
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See independent auditor's report.

OTHER INFORMATION

SCHEDULE 5 - COMPOSITION OF ENDING CASH BALANCES

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

COUNTY TREASURER

Checking account:

Farmers State Bank, Westmoreland \$ 5,677,917

Savings account:

Bank of the Flint Hills, Wamego 7,710

Certificates of deposits:

Union State Bank, Olsburg 400,000

Kaw Valley State Bank, Wamego 3,007,819

Bank of the Flint Hills, Wamego 10,000,000

Kansas State Bank, Manhattan 3,000,000

16,407,819

Change fund and petty cash 850

Municipal Investment Pool 37,512,499

TOTAL COUNTY TREASURER \$ 59,606,795

CLERK OF THE DISTRICT COURT

Checking:

Farmers State Bank, Westmoreland 168,110

POTTAWATOMIE COUNTY SHERIFF

Checking:

Farmers State Bank, Westmoreland 3,292

LAW LIBRARY

Checking:

Farmers State Bank, Westmoreland 32,641

COMPONENT UNITS

Pottawatomie County Economic Development Corp. 1,163,128

Pottawatomie County Extension Council 101,137

1,264,265

TOTAL CASH BALANCES \$ 61,075,103

See independent auditor's report.

SCHEDULE 6 - TAX ROLL RECONCILIATION

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

2015 Tax roll - as adjusted:

County Clerk's abstract of 2015 tax roll	\$ 47,768,671
Special assessments	1,916,701
16/20 M trucks	52,735
Watercraft	22,130
Personal Property under \$5	(412)
General tax differences	29
Adjustments to original tax roll:	
Added taxes	95,909
Abated taxes	<u>(140,290)</u>
Adjusted 2015 tax roll	<u><u>\$ 49,715,473</u></u>

2015 Tax roll - as accounted for:

Collections during 2015 through December 2015	26,851,010
Collections during 2016 through September 2016	22,542,587
Refunds through September 2016	<u>(8,172)</u>
Net tax roll collections	49,385,425
Delinquent personal property as of September 30, 2016	18,920
Delinquent real estate taxes as of September 30, 2016	<u>311,128</u>
Net delinquent taxes	<u>330,048</u>
2015 tax roll accounted for	<u><u>\$ 49,715,473</u></u>

See independent auditor's report.

SCHEDULE 7 - RECEIPTS AND DISBURSEMENTS
 CLERK OF THE DISTRICT COURT

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Balance, Beginning of Year		<u>\$ 861,385</u>
Receipts:		
Judgments, restitutions, etc.	\$ 209,557	
Clerk fees - State	157,133	
Clerk fees - County	4,605	
Fines	102,731	
Law enforcement training center	21,346	
Refund	13	
Law library	14,916	
State attorney fee	13,376	
County attorney fee	27,591	
Marriage license fees	5,900	
State general fund	1,887	
Interest	134	
Prosecuting attorney training center	2,899	
Indigent defense fees	1,635	
Judicial branch surcharge	58,956	
Criminal probation fee	4,964	
Bonds	179,311	
Other	<u>19,116</u>	
	TOTAL RECEIPTS	826,070
Expenditures:		
To County Treasurer:		
County attorney fees	27,591	
Refund	13	
Law library	14,916	
Clerk fees	4,605	
Prosecuting attorney training	2,899	
Other	<u>21,897</u>	
	TOTAL EXPENDITURES TO COUNTY TREASURER	<u>71,921</u>

See independent auditor's report.

SCHEDULE 7 - RECEIPTS AND DISBURSEMENTS
CLERK OF THE DISTRICT COURT

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Expenditures:

To State Treasurer:

Clerk fees	157,133
Fines	102,731
Law enforcement training center	21,346
State attorney fees	13,376
Marriage license fees	5,900
State general fund	1,887
Interest	157
Reinstatement fees	2,183
Indigent defense fees	1,635

TOTAL EXPENDITURES TO STATE TREASURER 306,348

Judgment, restitutions, and other	1,082,120
Judicial branch surcharge	58,956

TOTAL OTHER EXPENDITURES 1,141,076

TOTAL EXPENDITURES 1,519,345

BALANCE, END OF YEAR \$ 168,110

Composition of ending balance:

Cash in Farmers State Bank, Westmoreland, Kansas	<u>\$ 168,110</u>
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See independent auditor's report.

SCHEDULE 7 - RECEIPTS AND DISBURSEMENTS
COUNTY SHERIFF

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Balance, Beginning of Year	\$ 248
Receipts:	
VIN fees	28,580
Miscellaneous fees	13,836
Sheriff's fees	13,065
Concealed carry fees	1,820
Offender registration fees	6,260
	<u>63,561</u>
	TOTAL RECEIPTS
Expenditures:	
To County Treasurer:	
VIN fees	24,210
Sheriff's fees	12,043
Concealed carry fees	1,690
Offender registration fees	5,820
	<u>43,763</u>
	TOTAL EXPENDITURES TO COUNTY TREASURER
Other expenditures	<u>10,898</u>
	TOTAL EXPENDITURES
	<u>54,661</u>
	BALANCE, END OF YEAR
	<u>\$ 9,148</u>
Composition of ending balance:	
Cash in Farmers State Bank, Westmoreland, Kansas	<u>\$ 3,292</u>

See independent auditor's report.

SCHEDULE 7 - RECEIPTS AND DISBURSEMENTS
LAW LIBRARY

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

Balance, Beginning of Year	<u>\$ 26,732</u>
Receipts:	
Deposits of District Court	16,136
Dues	<u>200</u>
TOTAL RECEIPTS	<u>16,336</u>
Expenditures:	
Jackson County Law Library	9,805
Secretary of State	133
Miscellaneous	<u>489</u>
TOTAL EXPENDITURES	10,427
BALANCE, END OF YEAR	<u><u>\$ 32,641</u></u>
Composition of ending balance:	
Cash in Farmers State Bank, Westmoreland, Kansas	<u><u>\$ 32,641</u></u>

See independent auditor's report.

SCHEDULE 8 - ACCOUNTS RECEIVABLE - CHARGES, CREDITS, AND BALANCE

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

COUNTY ENGINEER

Balance, Beginning of Year	\$	
Add charges:		
Sales of services, material, and equipment		305,308
Less credits:		
Collected on account		<u>303,681</u>
Balance, End of Year	\$	<u><u>1,627</u></u>

NOXIOUS WEED

Balance, Beginning of Year	\$	148
Add charges:		
Sales of services, material, and equipment		232,233
Less credits:		
Collected on account		<u>230,428</u>
Balance, End of Year	\$	<u><u>1,953</u></u>

See independent auditor's report.

SCHEDULE 8 - ACCOUNTS RECEIVABLE - CHARGES, CREDITS, AND BALANCE

POTTAWATOMIE COUNTY, KANSAS

Year Ended December 31, 2016

COUNTY HEALTH DEPARTMENT

Balance, Beginning of Year	\$ 10,478
Add charges:	
Services provided	<u>74,237</u>
Total Charges and Increases	<u>74,237</u>
Less credits:	
Collections:	
Insurance carriers	17,728
Medicare	1,698
Client and contracts	52,316
Adjustments and write-off's	<u>7,370</u>
Total Payments and Adjustments	<u>79,112</u>
Balance, End of Year	<u><u>\$ 5,603</u></u>
Schedule of Aged Receivables:	
Under 30 days	1,463
30 - 60 days	781
60 - 90 days	2,850
Over 90 days	<u>509</u>
Balance, End of Year	<u><u>\$ 5,603</u></u>

See independent auditor's report.

